

Iso Mines Limited



Annual Report 1970



N. B. Keevil Jr.

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REPORT TO SHAREHOLDERS

Iso received dividend income of \$455,555 from its investments in Mattagami Lake Mines Limited (280,850 shares) and Orchan Mines Limited (85,700 shares). The market value of Iso's investments on December 31, 1970 was \$7,121,000.

General and administrative expenditures for the year were \$119,145, leaving net income of \$336,410. Iso follows the practice of writing off its exploration expenditures in the deficit account, and these amounted to \$663,068 during the year.

The company's principal exploration activities continued to be in Nevada, British Columbia, and the Yukon. Claims held in New Brunswick and Ontario were abandoned during the year.

Nevada

A considerable amount of drilling on a copper prospect near Yerrington, Nevada outlined a small, low-grade copper deposit. The potential for expansion appeared to be limited, and the option to continue exploration and development was terminated in January 1971.

An exploration agreement was entered into on a new copper prospect near Gabbs, Nevada, and IP and magnetometer surveys indicated several anomalous zones which warrant drilling. Iso can purchase a 100% interest in the claims for \$1,000,000 through a series of option payments.

Arizona

Modest programmes of work, mainly to satisfy assessment work requirements, were undertaken on the Ventura and Four Metals properties in 1970. It is proposed to continue this work and a few holes will be drilled in 1971 to investigate the merit of certain alteration zones in the vicinity of the Ventura copper-molybdenite deposit. The Ventura and Four Metals properties are held jointly with a Noranda subsidiary company, with Iso's interest being 33⅓%.

British Columbia

Iso's 80% owned subsidiary, Iso Explorations Ltd., did limited geochemical work on a molybdenum prospect near Reed Lake, in central British Columbia, and additional work is planned during 1971.

Della Mines, in which Iso Explorations had acquired 750,000 shares, drilled eight holes during 1970 on its prospect in the Cassiar area of northern British Columbia. The best intersection was 48 feet averaging 4.2 ounces silver, 0.89% copper, 7.0% zinc and 0.59% bismuth at a depth of 400 feet. Additional drilling would be difficult because of the rough terrain on this part of the property, and plans are to drive an adit into the mountainside during 1971 to investigate the mineralization further.

Yukon

During the year prospectors working for Iso Explorations discovered an interesting tungsten

prospect approximately 40 miles southeast of Canada Tungsten's operation in the Yukon Territory. An agreement was entered into with Canex Explorations Limited who have committed to do certain exploration work, with the intent of reaching a production decision by September, 1973. If by that date Canex commits to equip the property for production, it could earn 65% of the issued capitalization of a new company to be formed. Iso Explorations would retain a non-assessable 28% interest, with the balance being held by the prospectors. A drilling programme is scheduled for the summer of 1971.

Management

Subsequent to the year end, Mr. J. P. Dolan retired as President of the company, selling his holdings to Teck Corporation. Mr. Dolan, D.E.G. Schmitt and Andrew Robertson resigned from the Board, being replaced by Dr. N. B. Keevil Jr., J. H. Westell and J. C. Frantz. The offices of the company were moved to the 49th floor of the Toronto-Dominion Centre, Toronto, and the 7th floor, 1177 West Hastings Street, Vancouver.

Mr. Dolan enjoyed a successful record as Chief Executive of Iso and its subsidiaries, and your Board of Directors wishes to express its appreciation and respect for one of the most prominent mine-finders in Canada over the last two decades.

On behalf of the Board,



N. B. Keevil Jr., President



Nevada
Magnetometer Survey

**CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1970**

| | 1970 \$ | 1969 \$ |
|---|----------------|----------------|
| Income | | |
| Dividends received | 455,555 | 455,555 |
| Expense | | |
| General and administrative expenses | 119,145 | 103,046 |
| Net Income for the year | <u>336,410</u> | <u>352,509</u> |

**CONSOLIDATED STATEMENT OF DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 1970**

| | 1970 \$ | 1969 \$ |
|---|----------------|----------------|
| Balance — January 1 | <u>61,256</u> | <u>51,066</u> |
| Add | | |
| Exploration expenses written off | 663,068 | 358,519 |
| Equipment written off | — | 1,143 |
| Investments written off | — | 878 |
| Loss on disposal of equipment | — | 2,159 |
| | <u>663,068</u> | <u>362,699</u> |
| | <u>724,324</u> | <u>413,765</u> |
| Deduct — Net income for the year | <u>336,410</u> | <u>352,509</u> |
| Balance — December 31 | <u>387,914</u> | <u>61,256</u> |

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1970

| A S S E T S | 1970 | 1969 |
|--|------------------|------------------|
| | \$ | \$ |
| Current Assets | | |
| Cash | 56,125 | 61,637 |
| Accounts receivable and field advance | 11,953 | 18,952 |
| | <u>68,078</u> | <u>80,589</u> |
| Investments | | |
| Marketable securities at cost and having a quoted market value of \$7,121,000 (1969—\$8,809,500) | 285,873 | 285,873 |
| Shares with no quoted market value and advances to other companies at the lesser of cost or nominal value | 326,675 | 261,571 |
| | <u>612,548</u> | <u>547,444</u> |
| Mining Claims and exploration work at cost | <u>257,848</u> | <u>370,470</u> |
| Options — at cost | <u>10,498</u> | <u>27,000</u> |
| Fixed — at cost | | |
| Field equipment | 19,017 | 12,291 |
| Office and leasehold | 49,939 | 49,741 |
| | <u>68,956</u> | <u>62,032</u> |
| Deferred Development and Administration Expenses | <u>137,220</u> | <u>261,090</u> |
| | <u>1,155,148</u> | <u>1,348,625</u> |

LIABILITIES

1970

1969

\$

\$

Current Liabilities

| | | |
|---------------------------|--------------|---------------|
| Bank loan — secured | 530,000 | 420,000 |
| Accounts payable..... | <u>9,745</u> | <u>14,876</u> |

539,745

434,876

| | | |
|-----------------------|---------------|----------|
| Advance Payable | <u>28,312</u> | <u>—</u> |
|-----------------------|---------------|----------|

SHAREHOLDERS' EQUITY**Capital**

Authorized

5,000,000 shares of \$1 par value

Issued and fully paid

| | | |
|------------------------|-----------|-----------|
| 3,250,005 shares | 3,250,005 | 3,250,005 |
|------------------------|-----------|-----------|

| | | |
|-------------------------------|------------------|------------------|
| Less — Discount thereon | <u>2,275,000</u> | <u>2,275,000</u> |
|-------------------------------|------------------|------------------|

975,005

975,005

| | | |
|--------------|----------------|---------------|
| Deficit..... | <u>387,914</u> | <u>61,256</u> |
|--------------|----------------|---------------|

587,091

913,749

On behalf of the Board,


 Director


 Director
1,155,1481,348,625

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1970

| | 1970 | 1969 |
|--|------------------|------------------|
| | \$ | \$ |
| Source | | |
| Net income for the year | 336,410 | 352,509 |
| Proceeds from disposal of equipment | — | 1,500 |
| Advances received | 28,312 | — |
| | <u>364,722</u> | <u>354,009</u> |
| Application | | |
| Exploration — Advances to affiliated companies | 600 | 77,000 |
| — General | 101,503 | 50,620 |
| Deferred development and administration | 237,445 | 79,115 |
| Fixed assets purchased | 6,924 | 20,569 |
| Investment in exploration companies | 64,500 | — |
| Option payments | 68,630 | 27,000 |
| Mining claims acquired | 2,500 | 60 |
| | <u>482,102</u> | <u>254,364</u> |
| Increase (Decrease) in working capital | (117,380) | 99,645 |
| Working Capital or (Deficit) at January 1 | (354,287) | (453,932) |
| Working Capital or (Deficit) at December 31 | (471,667) | (354,287) |

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Iso Mines Limited and subsidiaries as at December 31, 1970 and the accompanying explanatory notes and consolidated statements of deficit, operations and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements and the explanatory notes thereto present fairly the financial position of the company as at December 31, 1970 and the results of its operations and source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May 15th, 1971
Toronto, Ontario

Evans, Moore & Powell
Chartered Accountants.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1970**

Iso Mines Limited

- Note 1** Security held by the company's bankers consists of certain of the company's marketable investments.
- Note 2** Iso Mines Limited holds an 80% interest in its subsidiary Iso Explorations Ltd., and a 100% interest in Iso Nevada Limited.
- Note 3** There are options outstanding on 50,000 shares of the company's capital stock at \$1.97, which may be taken up on a cumulative basis to a maximum of 10,000 shares a year for the first five years and expiring in ten years on November 4, 1979.
- Note 4** Under the terms of an option agreement dated June 12, 1970 and subsequent amendments, Iso Nevada Limited has acquired the option to purchase certain mining properties in the Santa Fe Mining District of Nevada, U.S.A., for the sum of \$1,000,000 U.S. Of this amount, \$10,000 U.S. has been paid at the date of these financial statements with the balance of the purchase price payable on an instalment basis over the following years:
- | | | |
|---------------|---|---------------------|
| 1971 | — | \$ 15,000 |
| 1972 | — | \$ 20,000 |
| 1973 and 1974 | — | \$100,000 per annum |
| 1975 to 1979 | — | \$150,000 per annum |
| 1980 | — | \$ 5,000 |
- Note 5** Pursuant to an agreement dated August 22, 1968, as amended, Iso Explorations Ltd. may acquire, provided that all other conditions of the agreement are met, 750,000 shares in Della Mines Ltd. for a total cost of \$137,500. Of this sum, \$120,000 has been paid to date. The balance of \$17,500, payable on January 1, 1971, has since been paid.
- Note 6 (a)** Pursuant to an agreement dated August 27, 1970, Iso Explorations Ltd. has the option to acquire mineral claims situated in the vicinity of Coal River, Watson Lake Mining Division, Yukon Territory, for the following consideration:
- \$ 5,000 on December 1, 1970, which amount has been paid
 - \$ 20,000 on December 1, 1971
 - \$ 20,000 on December 1, 1972
 - \$ 40,000 on December 1, 1973
- and 20% of the vendor shares in a new company to be incorporated.
- (b)** Under an agreement dated October 6, 1970, between Iso Explorations Ltd. and Canadian Exploration Limited (Canex), Canex undertakes to carry out a program of exploration and development on the Coal River mineral claims. Upon Canex giving notice, on or before September 1, 1973, of its intention to place the claims into production, Canex shall have earned the right to purchase shares in a new company, to be formed to acquire the mineral claims, equivalent to a 65% interest in the issued shares, for the price of 1 cent per share.
- Note 7** Aggregate direct remuneration paid during 1970 to directors and senior officers of the company amounted to \$81,580 (1969—\$62,747).
- Note 8** The accounts of the U.S. subsidiary, Iso Nevada Limited, have been converted into Canadian dollars as follows:
- (a) fixed assets — at the rates prevailing at the date of acquisition;
 - (b) current assets and liabilities — at the rates prevailing at December 31, 1970;
 - (c) expenses — at the average rate prevailing throughout the year.

DIRECTORS

N. B. Keevil Jr.
J. H. Westell
R. A. Cranston
J. C. Frantz
G. C. McCartney
W. D. Brady
Eric Cradock

OFFICERS

N. B. Keevil Jr., President
J. H. Westell, Vice-President
W. R. Bergey, Vice-President Exploration
W. H. Maedel, Secretary
R. K. Wright, Treasurer

TRANSFER AGENTS AND REGISTRARS

Guaranty Trust Company of Canada

AUDITORS

Evans, Moore & Powell

BANKERS

Canadian Imperial Bank of Commerce

SOLICITORS

Lang, Michener, Cranston, Farquharson & Wright

ANNUAL MEETING

Royal York Hotel, Toronto, Ontario
Friday, June 25th, 1971, 9:30 a.m.

